

QUARTERLY REPORT
NORTHWEST ALABAMA MENTAL HEALTH CENTER

January 1 Through March 31, 2011

HCP PROJECT NO. 17239

1. Project Contact and coordination Information

- a. Project Leader:** Mr. Skip Newman, Executive Director,
Northwest Alabama Mental Health Center
- b. Address:** 1100 Seventh Avenue, Jasper, AL. 35501
Phone: 205/302-9017
Fax: 205/387-0599
Email: skip@nwamhc.com
- c. Responsible Organization:** Northwest Alabama Mental Health Center (NWAMHC)
- d. Regional and State Coordination:** The NWAMHC is coordinating implementation activities for its mental health network in northwestern Alabama. NWAMHC is keeping the Alabama Department of Mental Health informed relative to its project implementation activities.

2. Network Health Care Facilities

- a. Network User Addresses:**
NWAMHC Clinic sites to be served:

Fayette County Office – 123 Second Avenue NW, Fayette, AL. 35555, RUCA Code No. 7, Phone: 205/932-3216, Census Tract No. 020300

Lamar County Office – 141 Second Avenue NW, Vernon, AL. 35592, RUCA Code No. 10, Phone: 205/695-9183, Census Tract No. 030100

Marion County Office – 427 Smokey Bear Rd., Hamilton, AL 35570, RUCA Code No. 10, Phone: 205/921-2186, Census Tract No. 984400

Marion County Office – 260 Baker Street, Winfield, AL. 35594, RUCA Code No. 10, Phone: 205/487-2124, Census Tract No. 984700

Winston County Office – 71 Carraway Drive, Haleyville, AL. 35565, RUCA Code No. 7, Phone: 205/486-4111, Census Tract No. 995700

Walker County Office & HQ – 1100 Seventh Avenue, Jasper, AL. 35501, RUCA Code No. 4, 205/302-9017, Census Tract No. 020200

Walker Baptist Medical Center- 3400 U.S. Highway 78 East, Jasper, AL. 35501, RUCA Code No. 4, 205/387-4000, Census Tract No. 020300

b. Participating Institutions

The Northwest Alabama Mental Health Center is a public non-profit corporation formed under Section 501 C 3 and is therefore an eligible entity under Section 254 of the 1996 act. The Walker Baptist Medical Center is a private non-profit corporation and is considered an eligible entity under Section 254 of the 1996 act.

3. Network Narrative

On June 17, 2010, Northwest signed an Ethernet Agreement with West Alabama TV Cable, Inc., which submitted the low bid for Northwest's proposed broadband network. After approving these materials, USAC issued its FY-2009 Funding Commitment Letter authorizing a total support not to exceed \$275,569.37. On August 30, 2010, Northwest sent its Notice to Proceed Letter to West Alabama TV Cable, Inc. This letter authorized WATVC to initiate its 90 day installation period.

The new Ethernet system was completed and became ready for use on November 17, 2010. However the location of the in-coming fiber lines was moved to new locations in several clinics after this date. The temporary connection to the clinic in Vernon was made using a 10 Mbp. DSL line.

During this period Northwest investigated various video conferencing and VOIP telephone system. In December of 2010, the agency advertised an RFP developed for the selection of VOIP equipment that will provide service to all six clinics using the new broadband network. A vendor has been selected and the agency will initiate this project by installing a new VOIP phone system at the Haleyville clinic. In March, two video units were purchased and tested. Due to pending budget cuts the new video and VOIP systems may need to be installed in phases. During this period work was initiated on the submission of the first invoice for reimbursement from USAC.

4. List of Health Care Providers

The two network participants are the Northwest Alabama Mental Health Center and the Walker Baptist Medical Center which will provide telpsy psychiatry services over the network to Northwest's patients. The network will also be used to provide internet, voice, video and data services. Attached is a diagram of the proposed broadband network.

5. Quarterly Costs Incurred

As required in its Ethernet Agreement with West Alabama TV Cable, Inc. Northwest made a \$20,000.00 non-recurring payment to WATVC. USAC has budgeted a total of \$381,650.34 as the maximum grant amount that will be available during FY 2010 with a total project cost not to exceed \$449,000.00. USAC's August 26, 2010 Funding Commitment Letter for FY-2009 authorized total support in the amount of \$275,569.37, of which \$19,999.98 is

dedicated to the payment of non-recurring costs. No requests for reimbursement were submitted to USAC during this period.

6. Cost Allocation By Source

Northwest's Ethernet agreement with West Alabama TV Cable consists of a \$20,000.00 one time nonrecurring cost and an \$8,450.00 monthly recurring cost creating a total over a 36 month period.. Northwest and the Walker Baptist Medical Center are both eligible users under this FCC program. However NWAMHC will pay all monthly recurring broadband costs incurred by Walker Baptist Medical Center. These costs will be paid from Northwest's general fund account. Northwest will only request FCC reimbursement for the FCC pro rata share of eligible recurring and non-recurring costs. The project budget contains no other grant or contributed funds. Since both participating entities are nonprofit corporations, neither one would be financially able to undertake this project without the subsidies provided by this FCC program. The proposed health care network will enable these two entities to provide improved levels of service to rural patients at a reduced cost.

7. Technical or Non-Technical Procedures For Ineligible Network Participants

No procedures have been developed to accommodate ineligible network users since no ineligible participants are anticipated.

8. Project Management Plan Update

On September 24, 2009, the NWAMHC Board met and rejected all of the bids it received in September since the low bid far exceeded the agency's construction budget established for this project. Additional local revenues were not available to fund the low bid. In addition, the Board authorized the submission of a revised bid containing lower minimum bandwidths and the deletion of the Walker Baptist Hospital if funds are not available.

During the month of January, 2010, the revised RFP and Form 465 were posted to USAC web site. In addition, the bid proposal was also advertised in the Daily Mountain Eagle in an effort to comply with the Alabama bid law. All bids were due no later than 3:00 pm on February 5, 2010. Four bids were received and Northwest formed a Bid Review Committee to assess the bids and make a recommendation to the NWAMHC Board of Directors. After meeting on several occasions the committee identified West Alabama TV Cable Company, Inc. as the most qualified low bidder. On March 8th all four bids were reviewed at a meeting of the NWAMHC Board of Directors. At this meeting the board selected WATVC as the low bidder and asked Mr. Skip Newman, to meet with the WATVC and assess the adequacy of the 6.0 Mb temporary broadband connection to be extended to the Vernon Clinic as contained in the WATVC bid.

On March 12th at a meeting with WATVC's Mr. Kyle South, Mr. Newman's concluded that the proposed temporary service would enable Northwest to fully implement broadband

services at its facility in Vernon. Mr. Newman also authorized Mr. South to draft a contract that could be reviewed by Northwest. WATVC completed work on the installation of the proposed broadband network in December of 2010 and service was initiated on December 17, 2010. In January, Northwest transferred the agency's internet service to the new broadband network which will save Northwest \$50.00 per site per month. The agency continues its efforts to convert its medical records to a digital format.

Project Schedule

Pre-bid Conference	November 12, 2008
Advertise Broadband Network RFP	February 4, 2010
Select Low Broadband Network Bidder	March 8, 2010
Broadband Service Agreement with WATVC	June 17, 2010
USAC 2009 Funding Commitment letter	August 26, 2010
Initiate Broadband Network Installation	August 30, 2010
Complete Broadband Network Installation	December 17, 2010
Initiate Broadband Network Service to all 7 Sites	December 17, 2010
Initial Request for Reimbursement	April 25, 2011
Completion of 36 Month FCC Assistance Period	December 17, 2013
Project Close Out	February 1, 2014

9. Network Sustainability

During this period, a new network sustainability plan was completed. The new plan indicates that at the end of the third year of operation the new broadband network will have generated substantial cost savings as a result of reduced intercompany long distance phone calls, the reduced number of telephone lines as well as reduced travel costs incurred by staff psychiatrists and other NWAMHC staff. When these savings were combined with increased psychiatric billings the network's annual operating costs are estimated to decline from \$55,800.00 in the first year to zero by the end of the third year of operation. A revised network budget was submitted to USAC on November 10, 2010.

FCC/USAC Sustainability Issues

USAC Project Scenario. Through its RFP, Northwest has identified West Alabama TV Cable Co. as low cost provider of the requested broadband service. Therefore, this service is considered to be an Indefeasible Right of User (IRU), as a long-term lease of specified bandwidths, as defined in USAC Scenario No. 1.

Source of 15% Local Match. Northwest will pay the project's 15% local match from its General Fund Budget. The agency has sufficient revenues to pay the required 15% local match. It also has sufficient general fund revenues to continue purchasing these services once the FCC subsidy expires.

Commitments From Network Members. NWAMHC will pay all monthly recurring costs incurred by its network partner the Walker Baptist Medical Center. Walker Baptist Medical Center is considered to be a permanent member of the proposed broadband network as per verbal agreements made by hospital representatives to Mr. Skip Newman, Northwest's executive director.

Sustainability Period. The new broadband service will be sustainable during the three years in which USAC subsidizes the cost but will only be marginally sustainable after the three year USAC subsidy expires.

Budget Attached to Sustainability. Without the USAC subsidy, in years four through ten Northwest's annual operating costs are expected to vary from \$58,886 to \$84,870.00 annually as indicated in the attached 10 year budget.

Network Management. Mr. Skip Newman will have overall responsibility for managing the new network. Mr. Newman expects to devote one percent of his time to this task. The agency's MIS Director is expected to devote 10 percent of her time on network management activities resulting in an estimated annual cost of \$5,000.00. Annual broadband network management costs are estimated at \$6,700.00. All of these network management costs will be paid from the organization's general fund account.

Continued RHC Funding. As indicated in Item 9 above, the NWAMHC will have the financial resources to enable it to network's annual operating costs when FCC assistance expires. The estimated annual savings and increased psychiatric service billings should bring network operating costs to zero at the end of the third year of operations.

State and Federal Funding. Northwest does not expect to need additional Federal or state assistance in order to continue operating this new network, as a result of previously referenced annual cost savings and revenue increases.

Prepaid Lease Option. There are no prepaid leases involved in this project.

10. Network Benefits

The primary goal of this project is to use FCC assistance to install a broadband network that will facilitate the delivery of telepsychiatry and other related services on a real time basis between NWAMHC's six mental health clinics and the Walker Baptist Medical Center. When completed the new broadband network will also provide telephone, internet, data, and video services to the six rural mental health clinics. Psychiatric services will be able to be delivered to the six clinics from the network hub at the Jasper clinic or directly from Walker Baptist Medical Center also in located in Jasper. The new network will further enable Northwest to greatly increase the amount of psychiatric services it delivers due to reduced travel times resulting from the implementation of this project. It will take about six months after the network becomes fully operational for these and other network benefits to be accurately determined.

11. Network Compliance With HHS Health IT Initiative

Network compliance with HHS standards. (1) Functionality. The proposed broadband network will consist of various fiber-optic lines that provide Northwest with sufficient bandwidth to support a number of health IT functions such as telerpsychiatry, video conferencing, the transmission of electronic health records as well as other HHS IT functions. (2) Security - When the network becomes operational, Northwest will restrict its use to agency IT staff and to a limited number of health professionals. When the new network is completed, a high level of network security is anticipated since this will be a stand-alone broadband network that will not interconnect with other networks. (3) Interoperability – The proposed broadband network will be a stand-alone network however, it will have the capacity to interconnect with other related networks.

Electronic Medical Records. Northwest has recently contracted with Lavender and Wyatt Systems, Inc. (LWSI) for the conversion of the agency's paper medical records into a digital format. This conversion process is still in the early planning stages. LWSI staff indicate that the Certification Commission for Healthcare Information Technology (CCHIT) certification for Behavioral Health has not been finalized as yet. A rough draft was released earlier this year ... of which LWSI and its partner, Essentia, were approximately 80 percent compatible at that time. The final ruling for the CCHIT certification is expected by late summer of 2010. When this final CCHIT ruling is made LWSI will prioritize the remaining requirements in order for LWSI and NWAMHC to meet all of the CCHIT certification requirements.

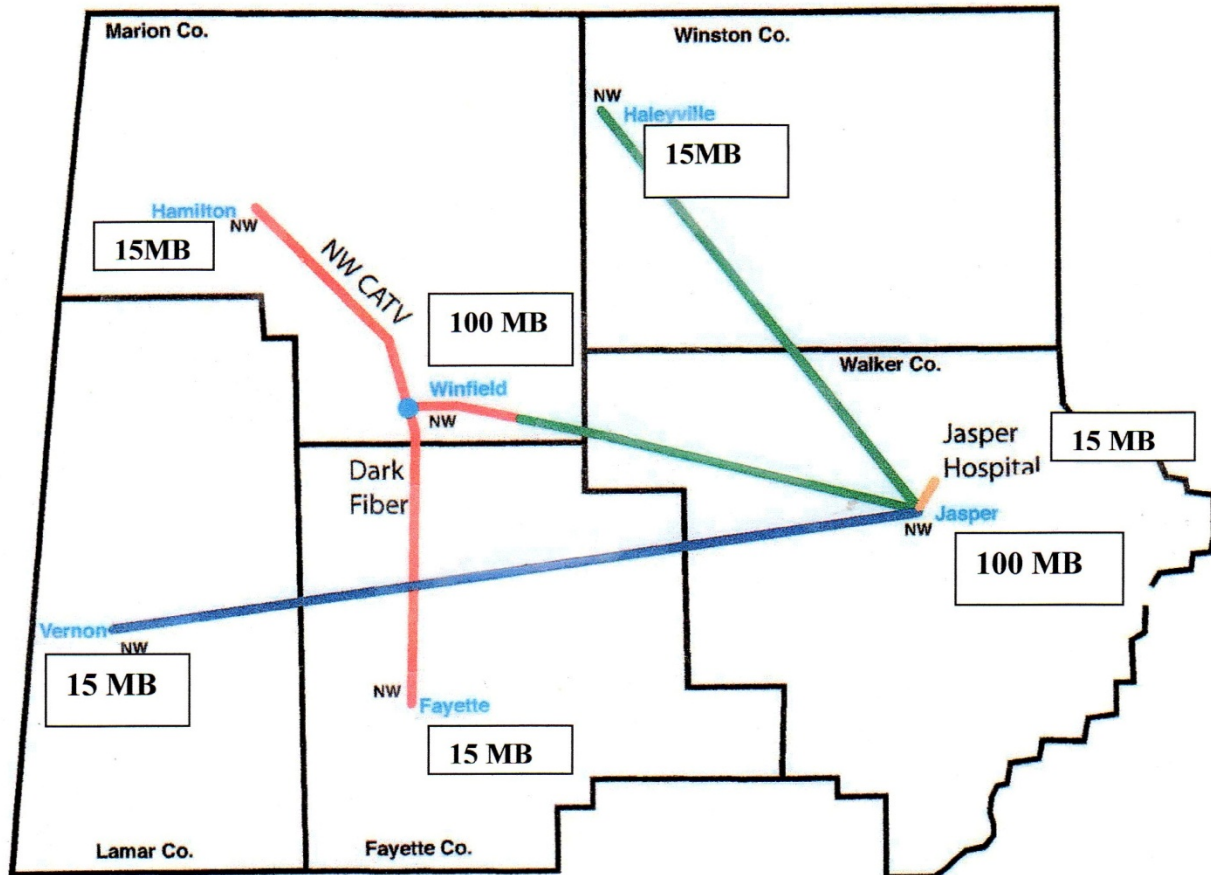
12. Coordination with HHS, CDC, Local Public Health and EMA Agencies

The participant will coordinate with HHS, CDC as well as state and county public health and emergency management agencies. Northwest will make the network available to these agencies during national, state or local emergencies.


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**FUTURE MENTAL HEALTH NETWORK
FOR
NORTHWEST ALABAMA MENTAL HEALTH**



Legend

-  Existing
- NW** Northwest Mental Health